

New Roads to Morocco

By Aziz Abdelali

U.S. and Moroccan negotiators are working to develop a free trade agreement that should result in a significant reduction of import duties on U.S. food and agricultural products going to Morocco. There should be new marketing opportunities for U.S. food suppliers when an agreement is finalized, and now is the perfect time to begin exploring the steps necessary to meet the needs of Moroccan consumers.

Looking West

Located in the northwestern corner of Africa, Morocco is only a few miles from Europe, with lengthy Mediterranean and Atlantic coastlines. It has a population of some 30 million. About half of the population lives in rural areas, and about 55 percent is under the age of 25. The nation's middle class has been growing, and family size is becoming smaller (with only three or four children).

The illiteracy rate of 55 percent is still high and is worse in rural areas. While Moroccans use local Arabic dialects in daily conversation, French is the language of business.

For the most part, Moroccan home cooking remains traditional, but change is coming, especially in large cities where there is a tendency for young families to adopt a Western lifestyle. The number of women working outside the home is steadily increasing. This results in higher income for families, but also prompts

them, when they can afford it, to turn to ready-to-use food products instead of traditional, time-consuming, home-cooked meals.

Distribution channels for convenience foods have grown rapidly in the major cities of Casablanca, Rabat, Marrakech, Fez, Agadir and Tangier. Moroccan officials estimate that about 10 percent of the population, around 3 million, can afford to buy imported food products.

Moroccans are regularly exposed to Western culture, especially through television from Europe and the United States. This steady Western influence on Moroccan lifestyles is expected to increase demand for consumer-oriented convenience foods.

Areas of Potential

Morocco's retail market is dominated by small grocery stores. Supermarkets are a recent phenomenon, and only about 20 stores are comparable in size to those in the United States. During the last few years, a number of modern self-service retail outlets (including convenience stores) have opened in major cities, and this trend is likely to continue.

Morocco's food processing sector, which is dominated by small family enterprises of 50 or fewer employees, has a growing interest in U.S. products such as milk powder, cheese, processed nuts and other ingredients. To penetrate this segment, U.S. exporters should go through local suppliers of ingredients to use their distribution networks. Few processors purchase ingredients directly from exporters.

Exporting to local distributors who supply hotels restaurants in Morocco's big cities also has potential for U.S. suppliers. Most of the more than 2.2 million tourists



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visiting Morocco each year are from Europe or the United States.

Although Morocco is a net fish exporter, there is a window for some U.S. seafood. The demand comes primarily from upper class hotels and restaurants. The seafood distribution system is still developing, and few importers have appropriate facilities and refrigerated trucks to supply seafood to supermarkets. In addition, only 38 percent of Moroccans have refrigerators in their homes.

U.S. exporters should work closely with the few established frozen food importers. The volume of seafood used by hotels and restaurants is still relatively small, but there is potential, in conjunction with local distributors, to carry out promotional activities.

One of the fastest growing and most successful businesses in Morocco in recent years has been the U.S. fast-food restaurant. McDonald's, Pizza Hut, Domino's Pizza and KFC have all opened franchises in the past five years. More are scheduled to open in the near future. They all

require ingredients that cannot be found locally and must therefore be imported on a regular basis.

Exporter Business Tips

U.S. exporters should work primarily with importers who are located in Casablanca. Imports in containers are done mostly through this port. To clear customs, all animal products and fresh fruits and vegetables must have sanitary certificates. New and unfamiliar products may also require testing by a local laboratory.

Often Moroccan importers are not familiar with products and ingredients that are common in the United States. In addition, many importers are not used to U.S. grades, standards and appellations. Prospective exporters should provide pictures, brochures and samples in order to make a sale. It is also important to note that Moroccans use only metric measurements.

While an increasing number of Moroccan importers can communicate in English, exporters who speak French and

Best High-Value Product Prospects

Dried fruits, especially prunes, raisins and apricots
Almonds and pistachios
Lentils, peas and chickpeas
Canned vegetables, especially canned sweet corn
Canned tropical fruits
Unsalted butter
Skim milk powder
Fresh apples and pears
Beef
Popcorn
Candies
Honey
Wines and beer
Cereals
Sauces and condiments

use French in promotional materials will have an important advantage.

Current tariffs on U.S. products are high. Typically, imported foods are subject to an import duty of 50 percent, an export promotion tax of 0.25 percent and a value-added tax of as much as 20 percent computed on top. But the prospect of a U.S.-Moroccan free trade agreement means exporters could see significant reductions in these duties in the next few years. ■

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